



DEFENSE ENERGY SUPPORT CENTER

"We Fuel The Forces"

The Warfighter's Choice for Energy Solutions



***DESC Overview for
Worldwide Energy
Conference September
2004***



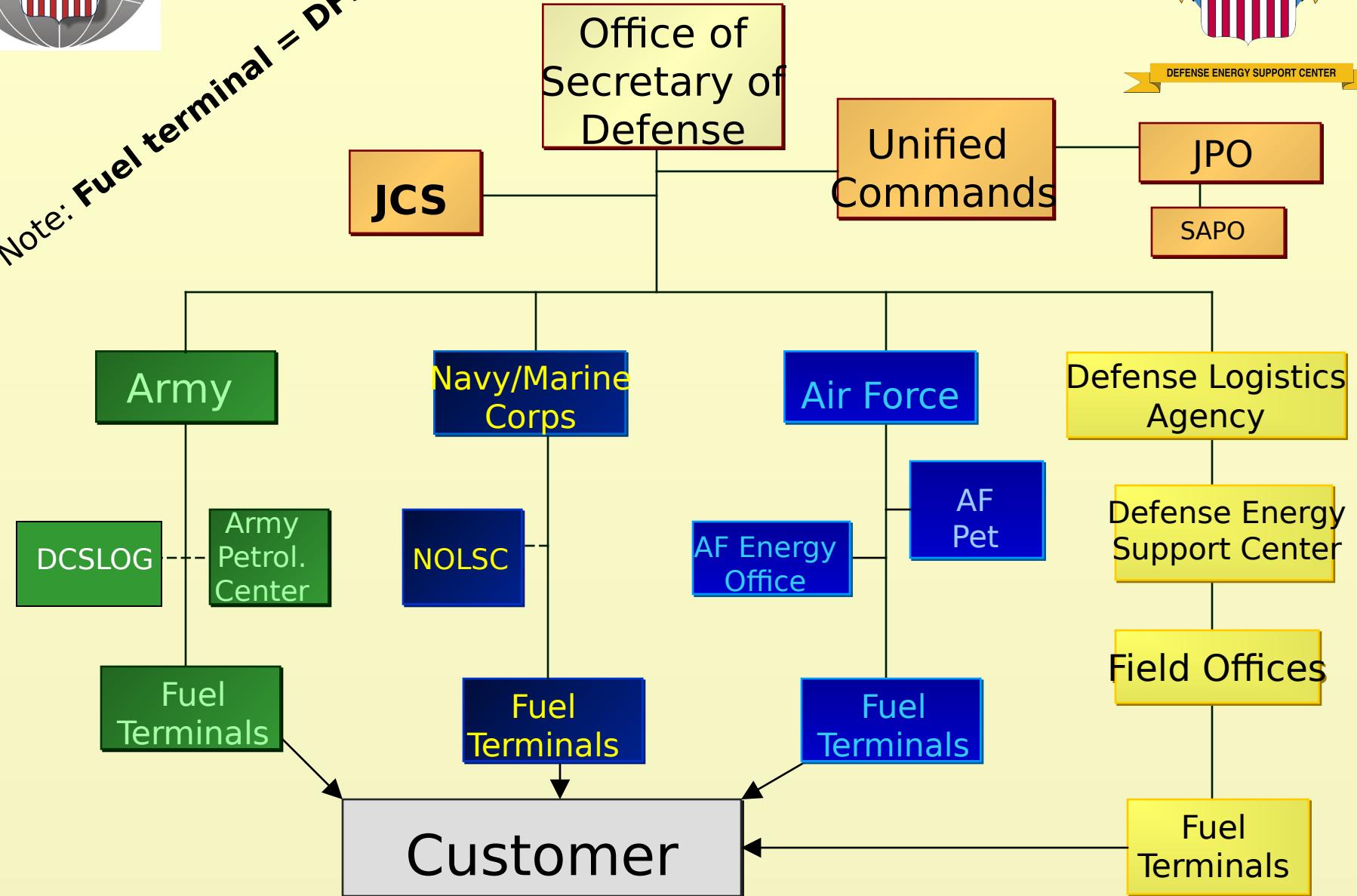


Note: Fuel terminal = DFSP

Simplified Military Petroleum Organization

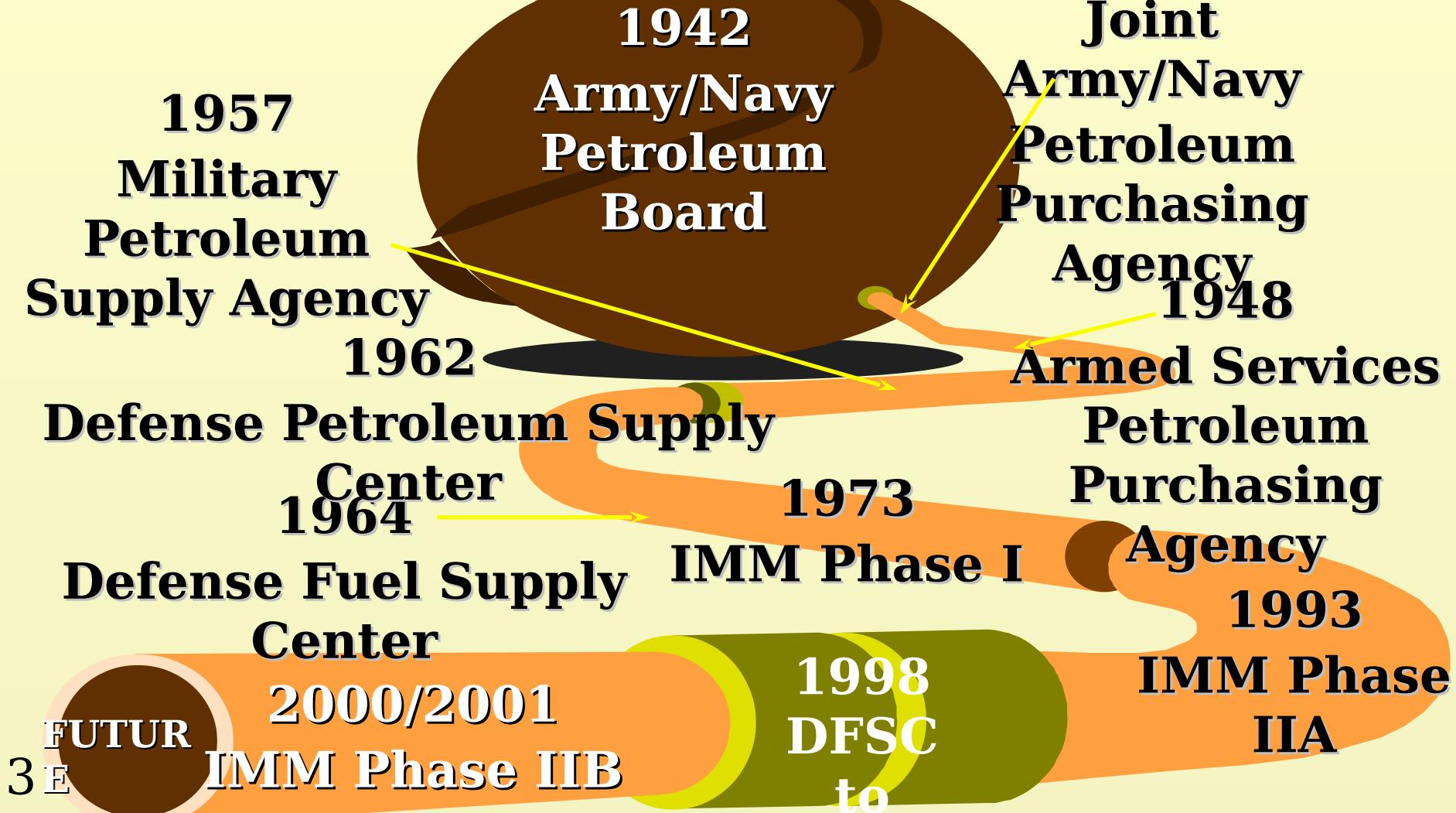


DEFENSE ENERGY SUPPORT CENTER





The Evolution of the Defense Energy Support Center





and



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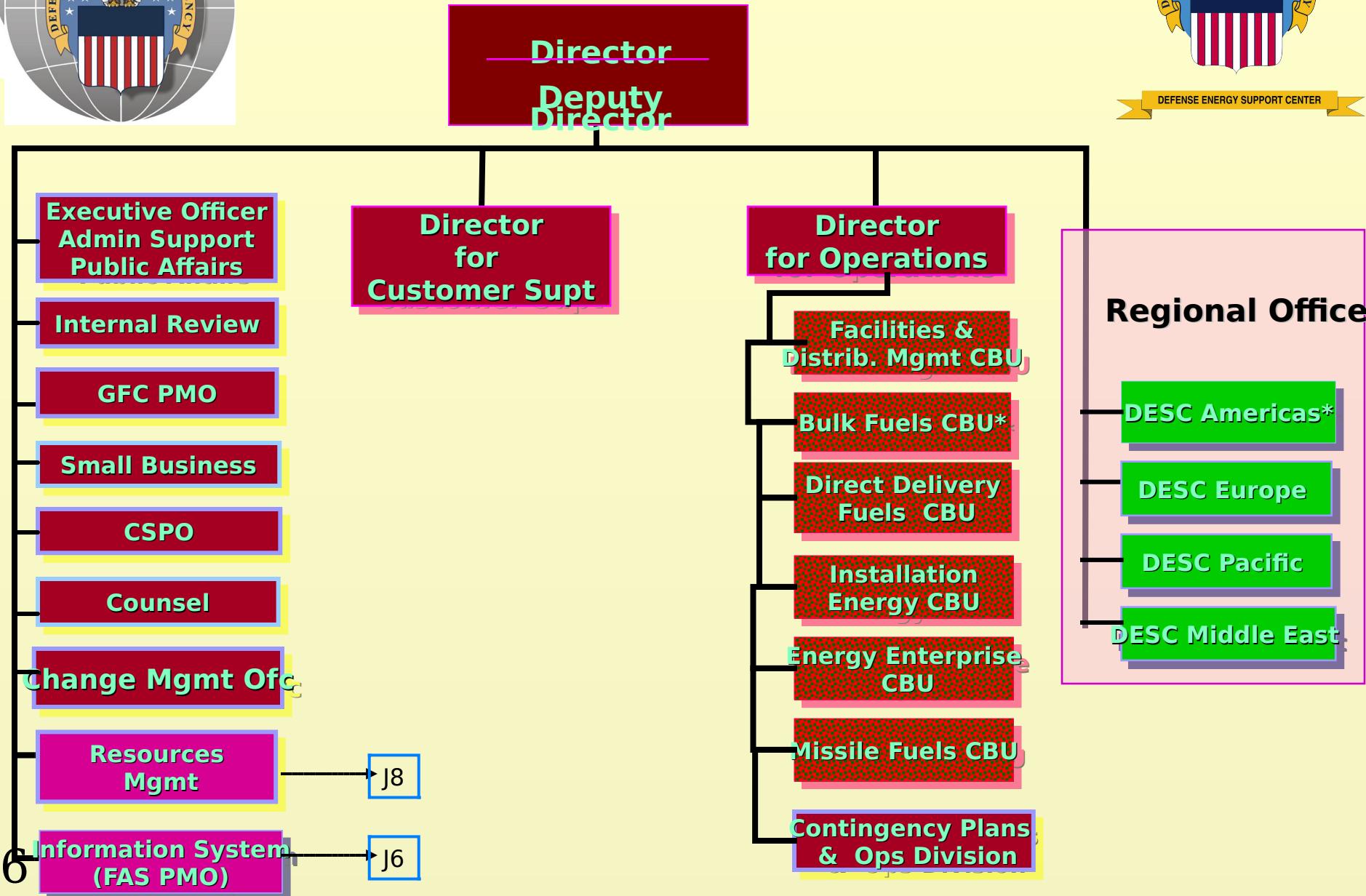




DESC Organization



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DESC Bottom Line *Up-Front*

- ◆ \$6.2 + billion in revenues
- ◆ DoD's most important source of energy logistics expertise
- ◆ Service reliance on DESC for support to early-entry forces (as well as sustaining)
- ◆ Growing business in utilities, installation support
- ◆ Innovation in acquisition, complex solution building, and industry partnering

DESC FY 03 Contract

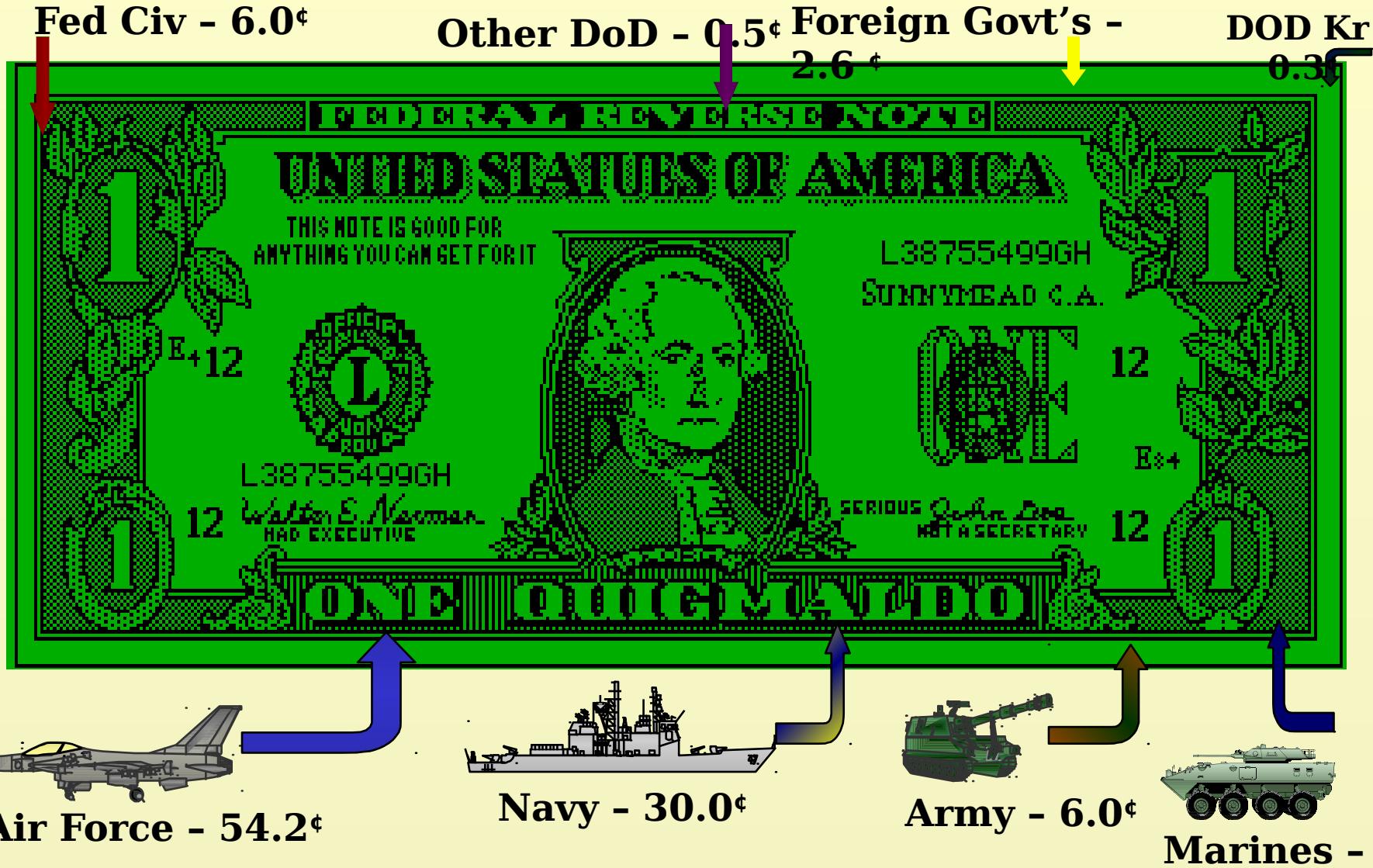




Where DESC Gets Its Typical Dollar (FY02 Sales Data)



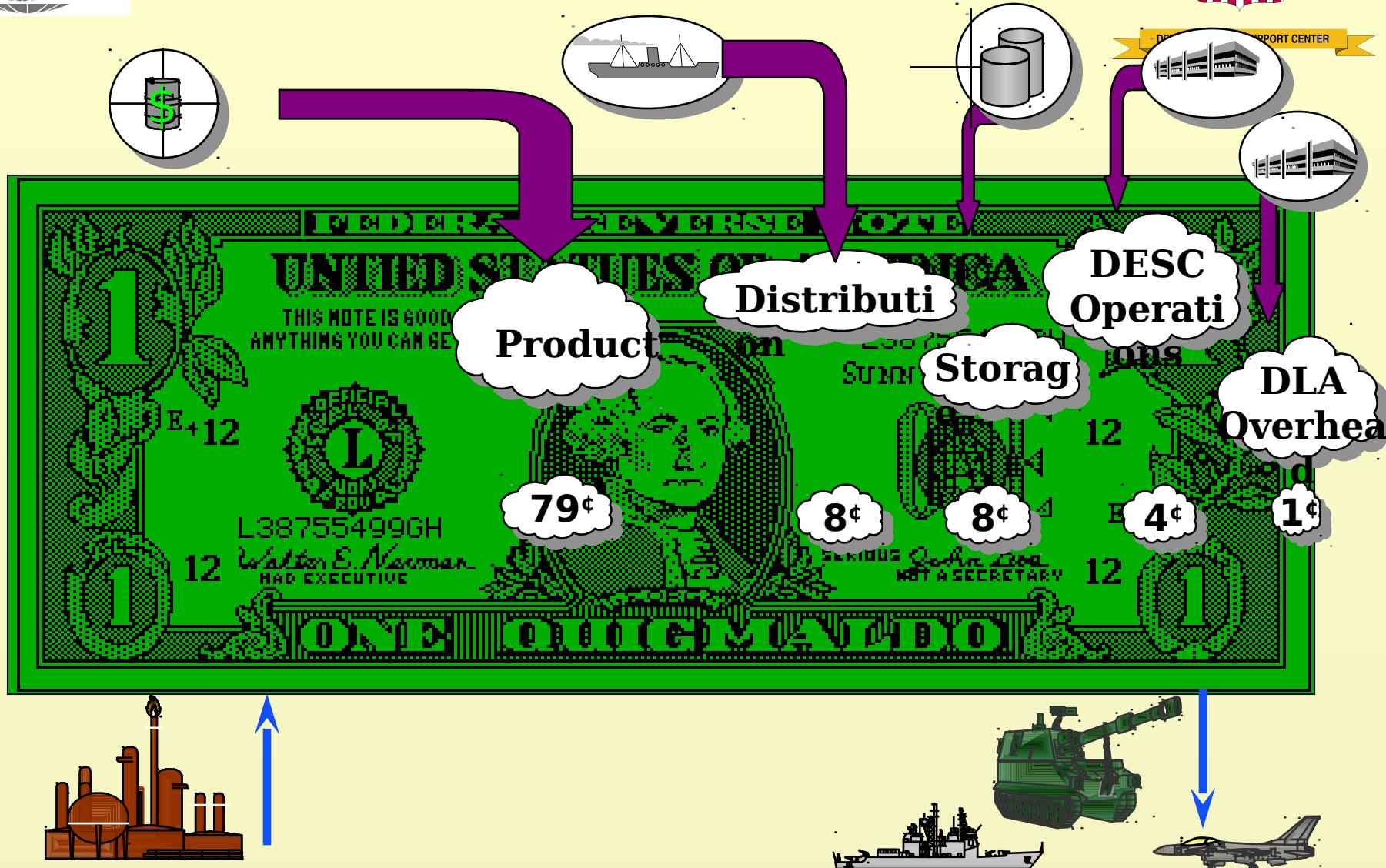
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DESC Costs

Dollar Breakdown (FY03)





Defense Working Capital Fund

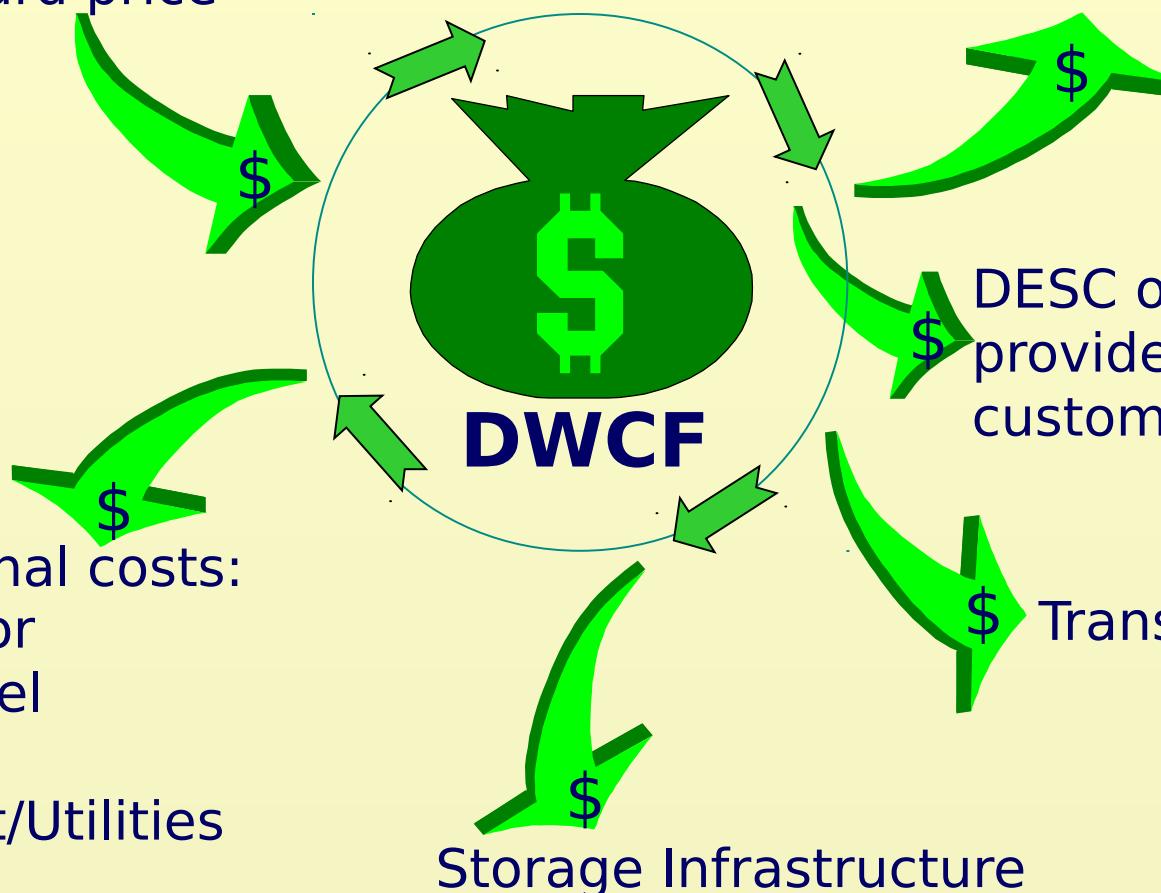
- A Revolving Fund

Fuel sale to DESC customers at standard price

DESC product procurement from contractors

Operational costs:

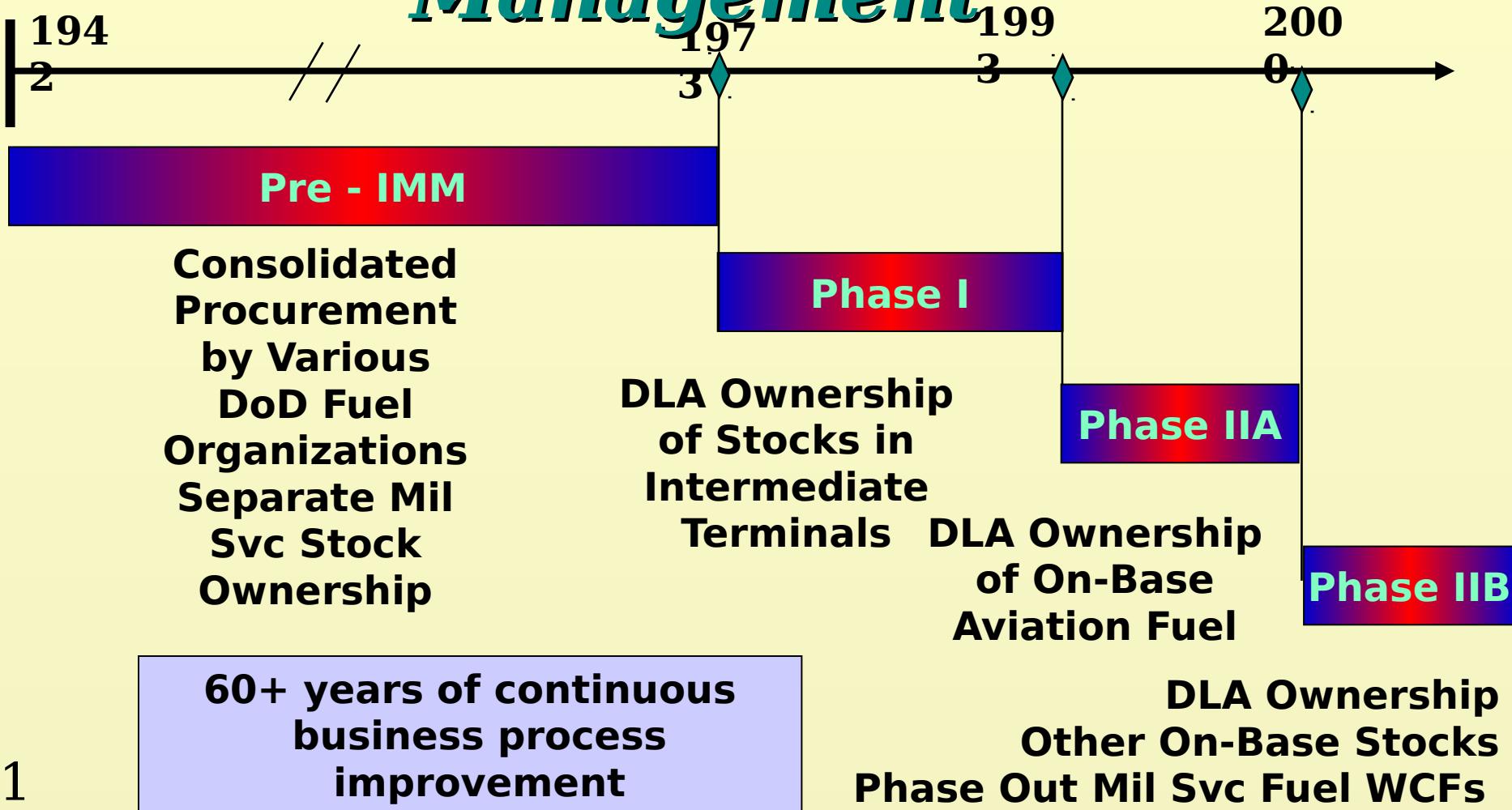
- Labor
- Travel
- ADP
- Rent/Utilities
- Etc.





Evolution of Fuel

Supply Chain Management

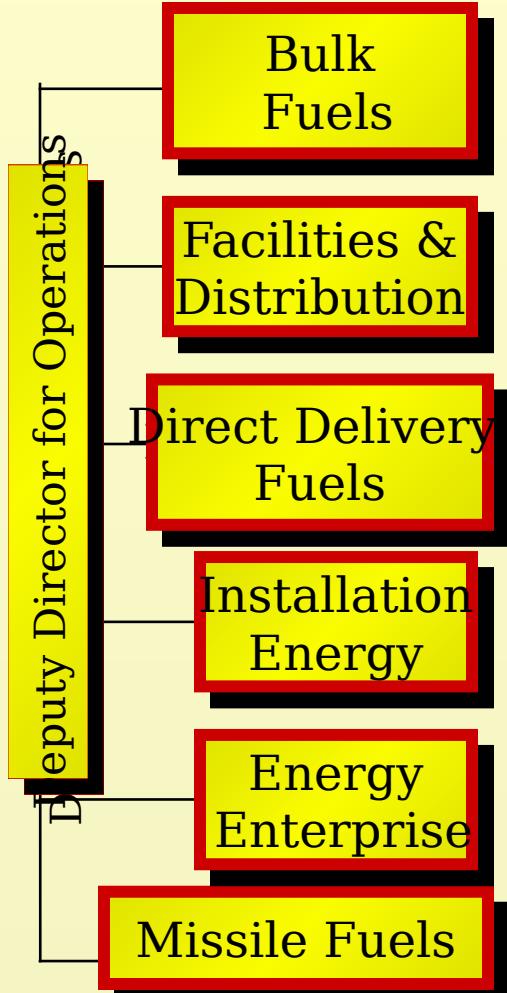




Commodity Business Units (CBUs)



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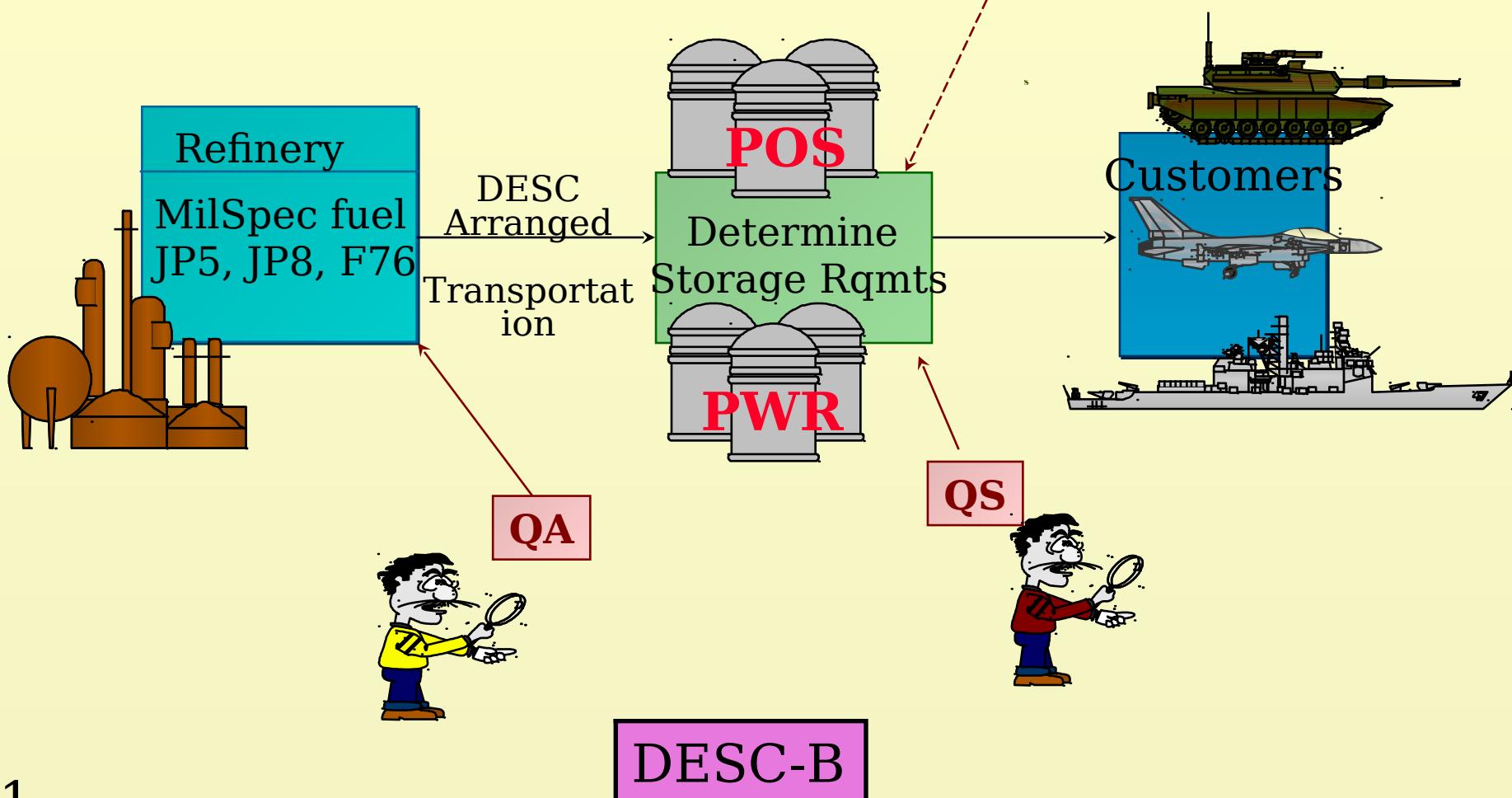


- Bulk Fuels
- Facilities & Distribution
- Direct Delivery Fuels
- Installation Energy
- Energy Enterprise
- Missile Fuels

DESC Bulk Fuels CBU



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Military Product Characteristics



**F76-NATO spec-similar
to comm gasoil,
except...**

- Low Pour point
- Long Time Stability
- Navy marine diesel fuel

JP5-least available

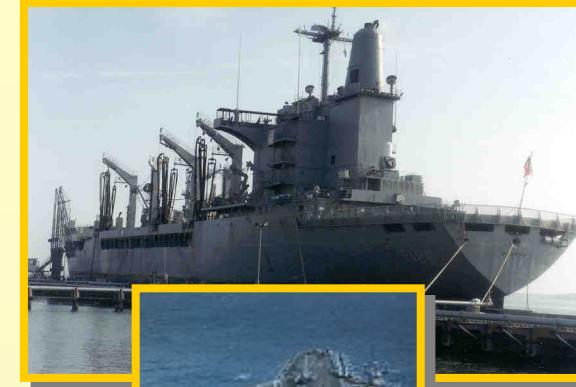
**Navy jet fuel (for
shipboard use)**

- High Flashpoint
- Must add Fuel System Icing Inhibitor (FSII)

**JP8-based on comm
kerojet (Jet A-1)**

**Air Force jet fuel &
Single Fuel on the
Battlefield (US/NATO)**

- Must add FSII
- Freeze point`





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Standard Pricing

- Purpose
 - Ease of budgeting
 - Consolidated market fluctuation
 - No surprises for customers
- Standard Prices available online:
 - <http://www.desc.dla.mil/main/r/prices04.htm>



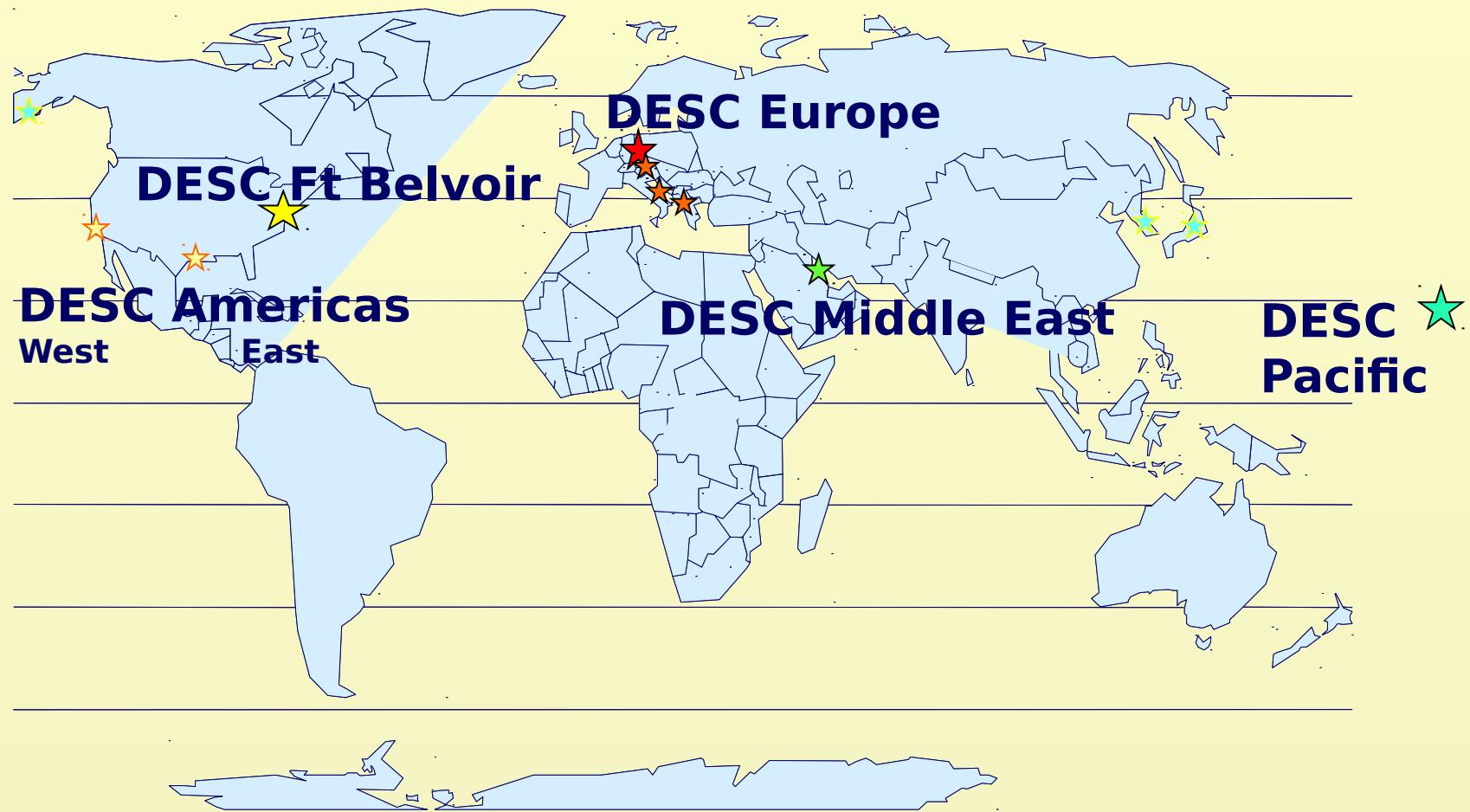


DESC

Organization

Every Region is a Separate Briefing!

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Approximately 750 military and civilians worldwide



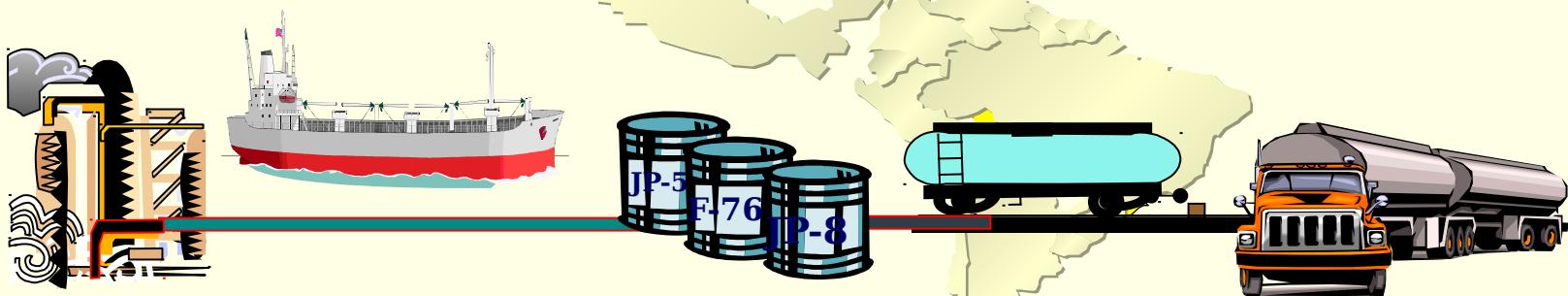
CONUS OVERVIEW

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Americas
West
Los Angeles

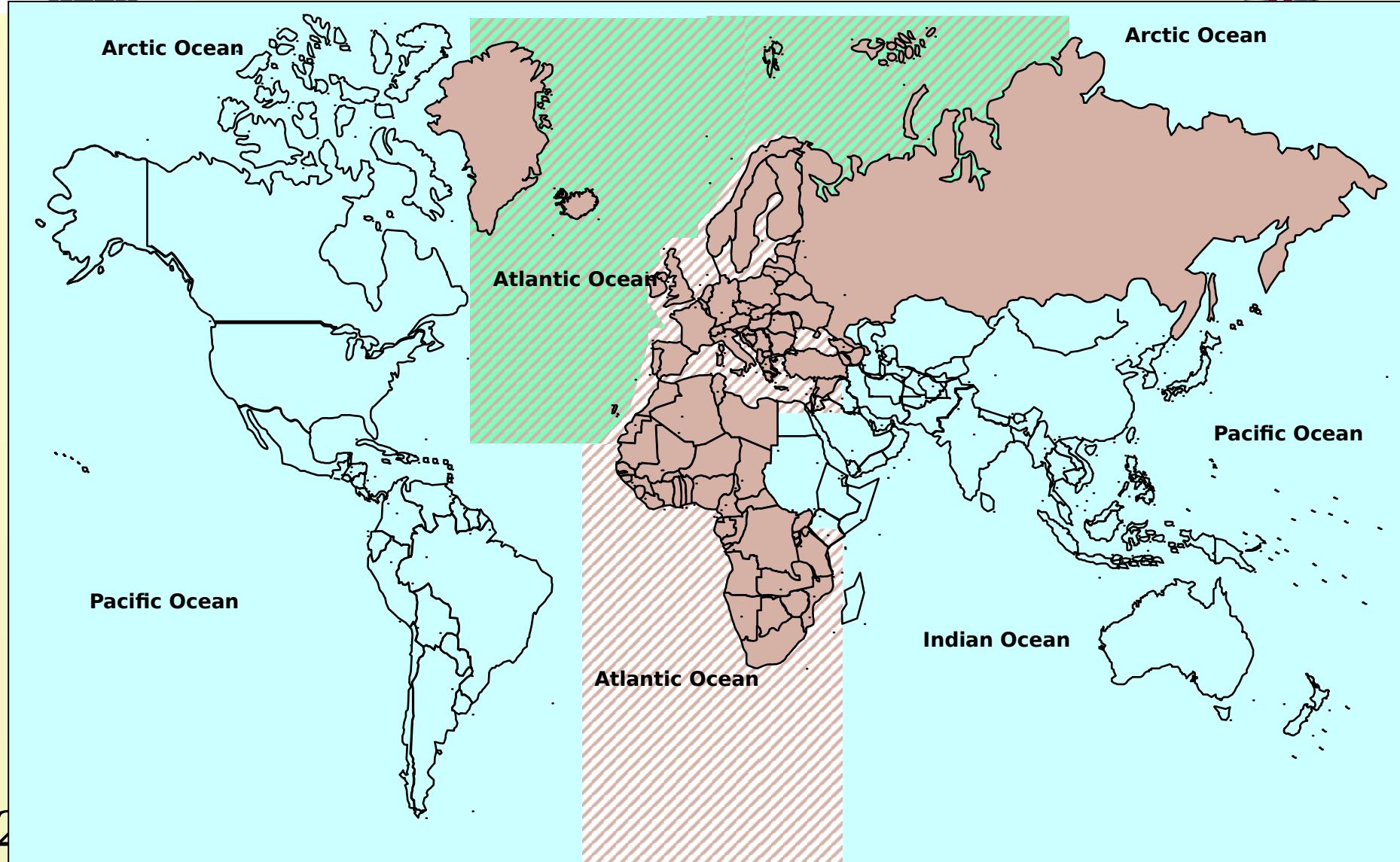
DESC
Americas
Oct 1, 2002

Americas
East
Houston





DESC-Europe Area of Responsibility





DESC PAC Mission

Area of Responsibility

Unresolved Territorial Disputes

Nearly 60% of World's Population

Gov'ts in Transition

World's Two Most Populous Countries

6 of World's Largest Armed Forces

29% of Gross World Product

DESC-Alaska (Anchorage)

Source of 36% of the US Trade

5 of 7 U.S. Mutual Defense Treaties

Hawaii

Pacific Ocean

Strategic Sea Lanes

43 Countries

16 Time Zones
52% of Earth's Surface
105 Million Square

DESC-Korea (Taegu)

DESC-Japan (Yokota)

DESC-Middle Pacific (Camp Smith)

Indian Ocean



DESC Middle East

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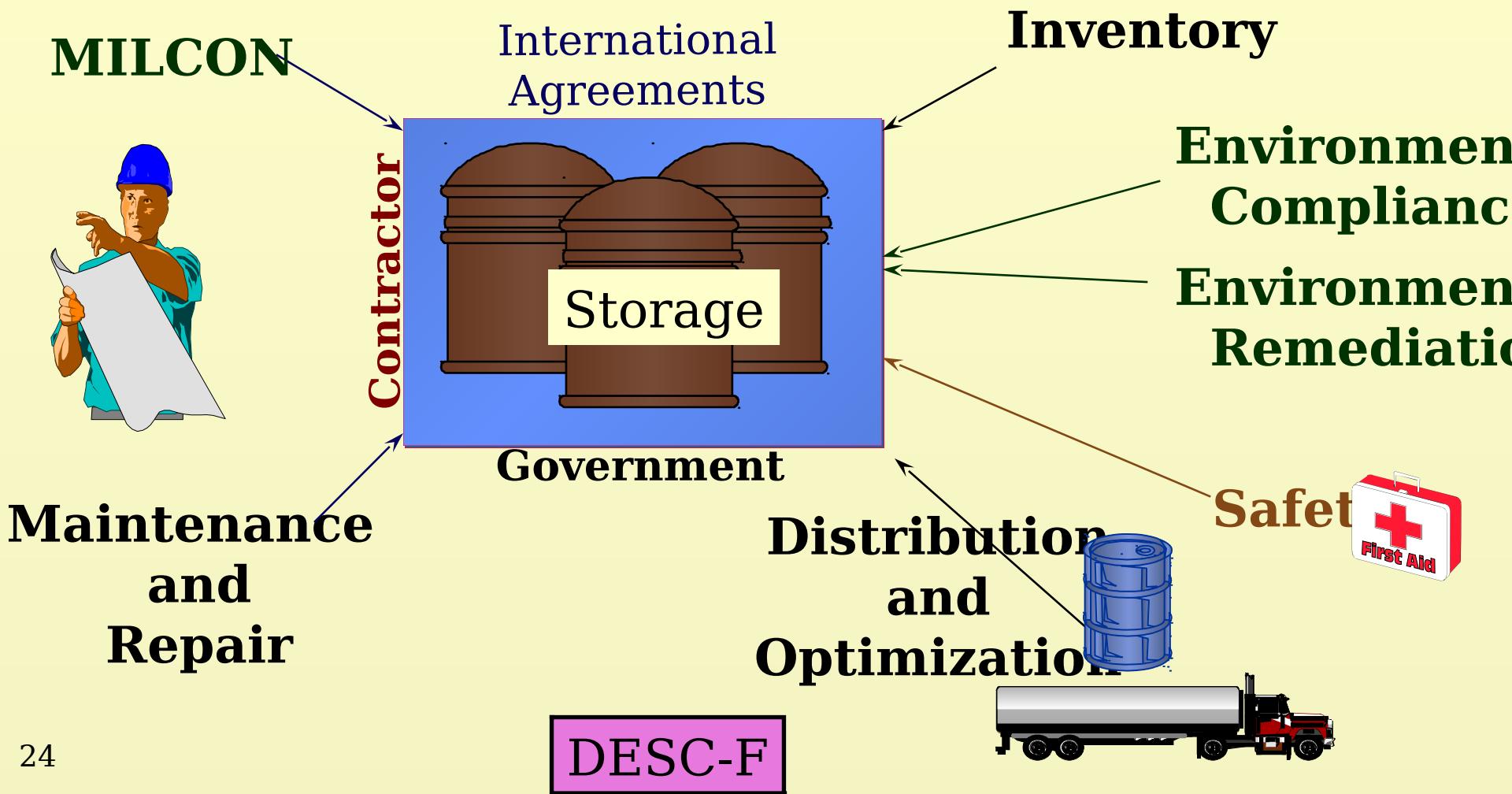




DESC Facilities & Distribution Management CBU



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Network of POL Facilities

COCO - Contractor Owned, Contractor Operated

GOCO - Government Owned, Contractor Operated

GOGO - Government Owned, Government Operated

FG - Foreign Government Facilities

NATO - North Atlantic Treaty Organization Facilities

Number of Wholesale Terminals Storing Government-Owned Fuel Fiscal Year 2003



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<i>Type of Operation</i>	Army	Navy	Air Force	DLA
Total				
GOGO	134	34	176	0
GOCO	13	28	25	19*
COCO	0	0	3	36
NATO	0	1	0	6
Commercial Pipeline		0	0	0
35				35
Floating Storage	0	39	0	0
Foreign Governments		0	0	11
19				8
Total	147	102	215	104
				568

Note: Defense Fuel Support Points (DFSPs) as of September 30, 2003 *

Includes 3 Service-managed, DLA-funded GOCOs GOCOs in caretaker

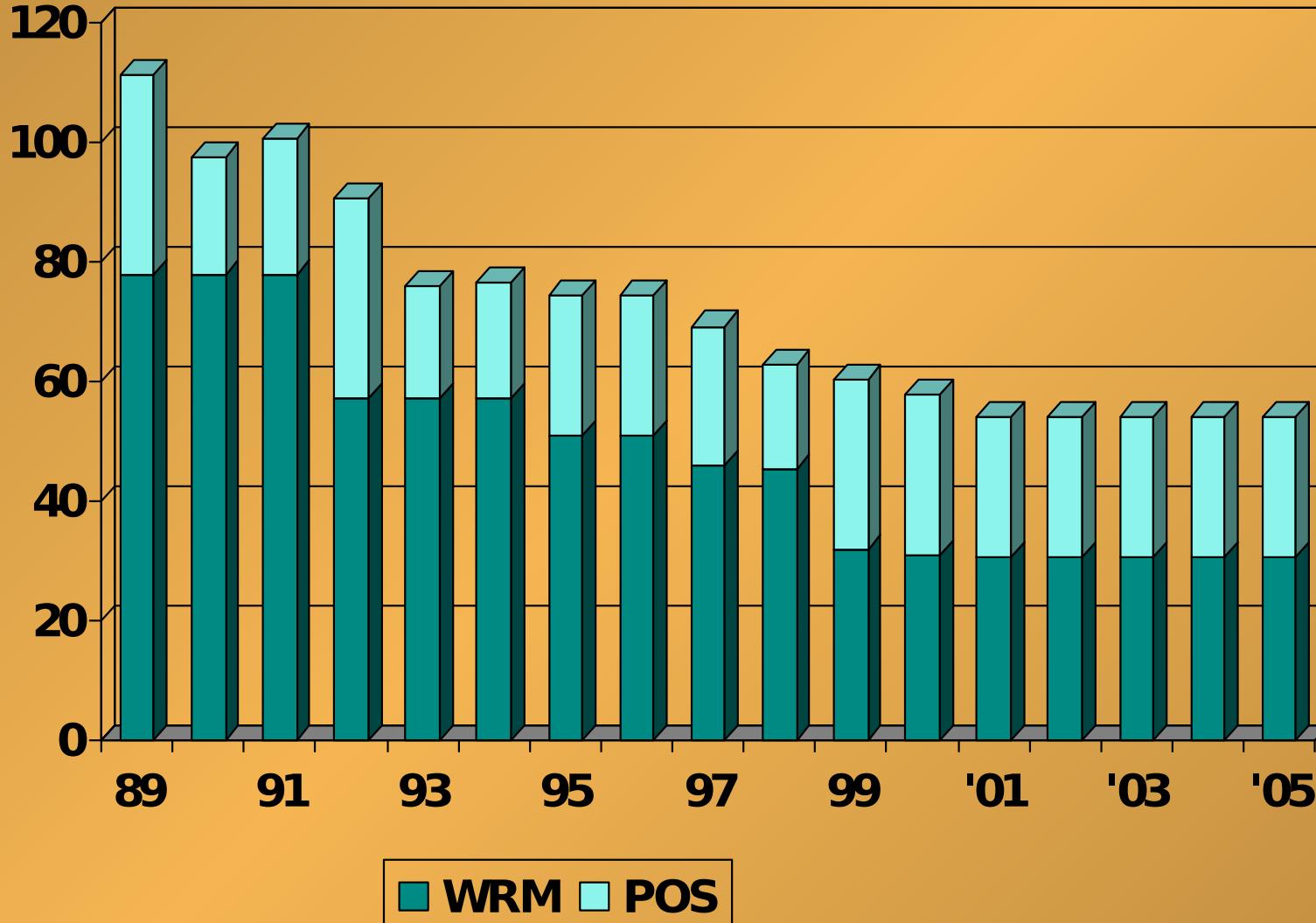
status during environmental cleanup not included in numbers Increase in



DESC Inventory Levels

(Millions of barrels)

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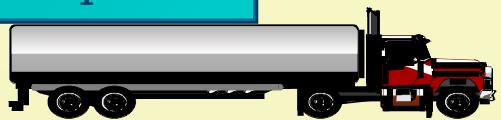


DESC Direct Delivery Fuels CBU

Vendor

Commercial
Spec

Transportation



AKA: Direct Vendor Delivery

DESC-P

Primarily
FOB
Destinatio
n

IntoPlane

Bunkers

PCS

Small Service
Tanks

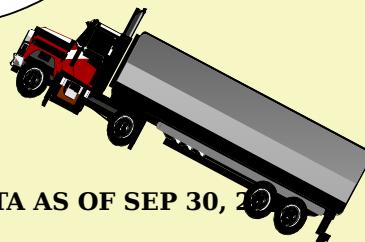




DESC PETROLEUM PROCUREMENT CONUS AND OCONUS POSTS, CAMPS, AND STATIONS FY 03

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Over 2,300 vendors worldwide



REPRESENTS ACTIVE CONTRACT DATA AS OF SEP 30, 2003

SOURCE: DIRECT DELIVERY FUELS COMMODITY BUSINESS UNIT

Domestic

- 232 (CONTRACTS)
- 1952 ACTIVITIES
- \$923 MILLION
- 27.9 MILLION BARRELS

Overseas (OCONUS)

- 51 CONTRACTS, 28 COUNTRIES
- 550 LINE ITEMS
- \$395 MILLION
- 6.2 MILLION BARRELS



AIRCRAFT INTO-PLANE CONTRACT



AWARDS FY 03

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DOMESTIC (CONUS)

- 334 LOCATIONS

~~SUPPORTED
\$374 MILLION AWARDED~~

- 5.8 MILLION BARRELS



OVERSEAS (OCONUS)

- 184 LOCATIONS (104 Countries)
~~SUPPORTED~~
- \$236.2 MILLION AWARDED
- 5.1 MILLION BARRELS

REPRESENTS ACTIVE CONTRACT DATA AS OF 30 SEP
2003

SOURCE: DIRECT DELIVERY FUELS COMMODITY BUSINESS UNIT



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Into-Plane: A Major Player for Contingency Operations

- ◆ **Desert Storm:** 13 locations
- ◆ **Somalia:** 7 locations
- ◆ **Rwanda:** 7 locations
- ◆ **Haiti:** 2 locations
- ◆ **Bosnia:** 8 locations
- ◆ **Kosovo:** 17 locations
- ◆ **Operation Enduring Freedom:** 5 and growing





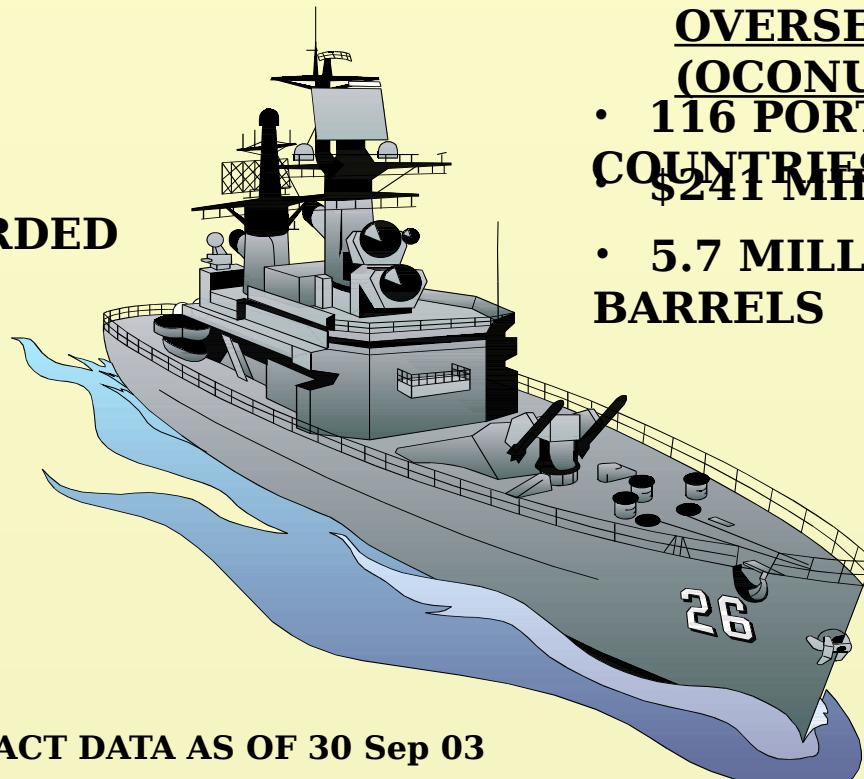
Ships' Bunkers

CONTRACTS AWARDED FOR SHIPS' BUNKERS PROGRAM FY 03

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DOMESTIC (CONUS)

- 86 PORTS UNDER CONTRACT
- \$60 MILLION AWARDED
- 1.8 MILLION BARRELS



OVERSEAS (OCONUS)

- 116 PORTS in 74 COUNTRIES
- \$241 MILLION AWARDED
- 5.7 MILLION BARRELS

REPRESENTS ACTIVE CONTRACT DATA AS OF 30 Sep 03

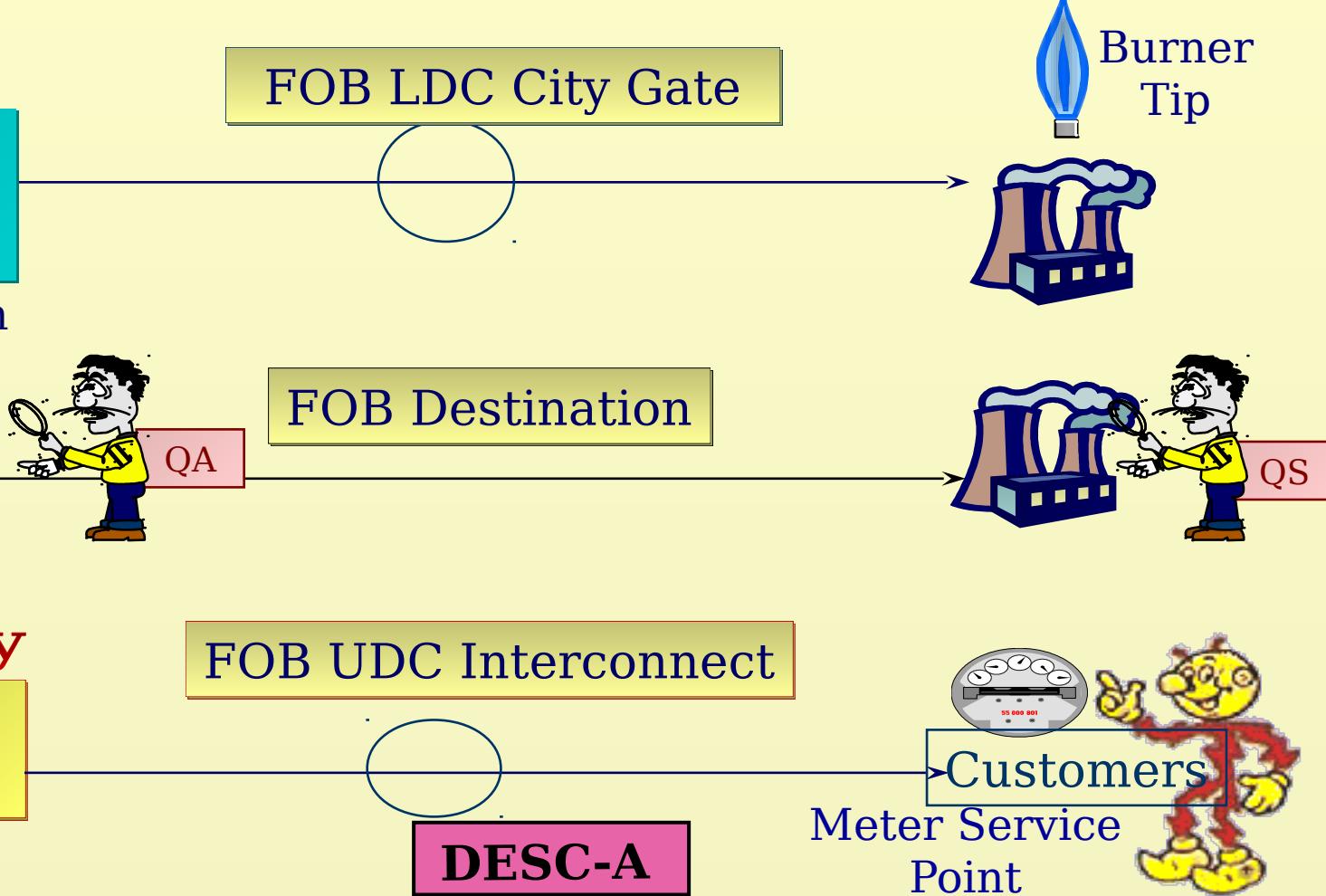
SOURCE: DIRECT DELIVERY FUELS COMMODITY BUSINESS UNIT



DESC *Installation Energy* CBU

Gas
Gas Marketer
Commercial
Spec
Transportation
Coal
Vendor
Facility Spec
Transportation

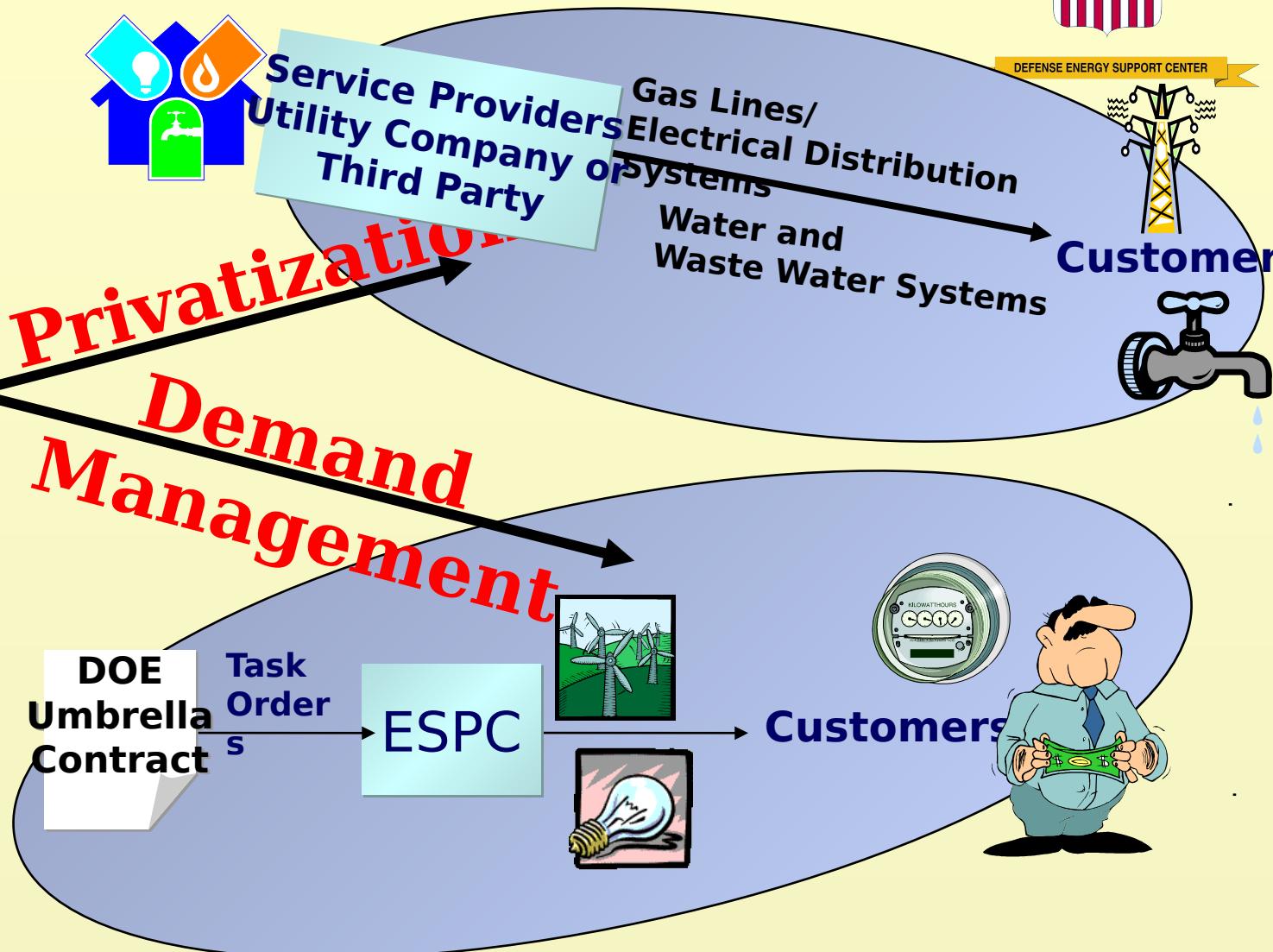
Electricity
Power
Marketer
Commercial
Spec





DESC Energy Enterprise Office CBU

DESC helps Service Customers coordinate/consolidate DoD energy efforts in:





DESC Missile Fuels CBU

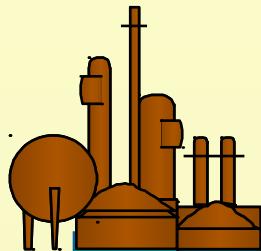


DEFENSE ENERGY SUPPORT CENTER

Located at



Lackland AFB,
TX



Supply Points

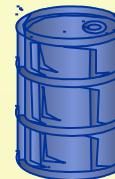
MIL/Performance
Spec

Products

Special Fuels
Missile Propellants
Chemicals
Cryogenics, Gases (FAR
Part 12)

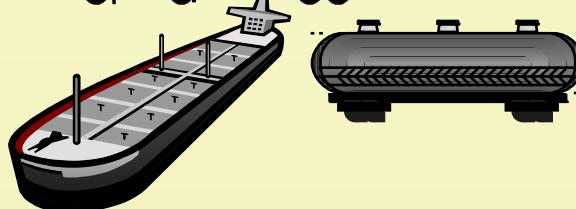


FOB Origin/FOB
Destination

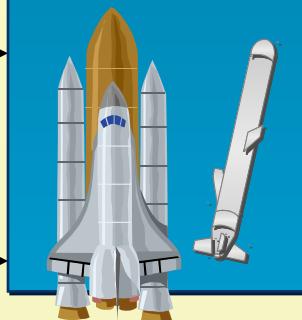


Intermediate
Storage

DESC &
Contractor
Arranged
Transportation



Customers



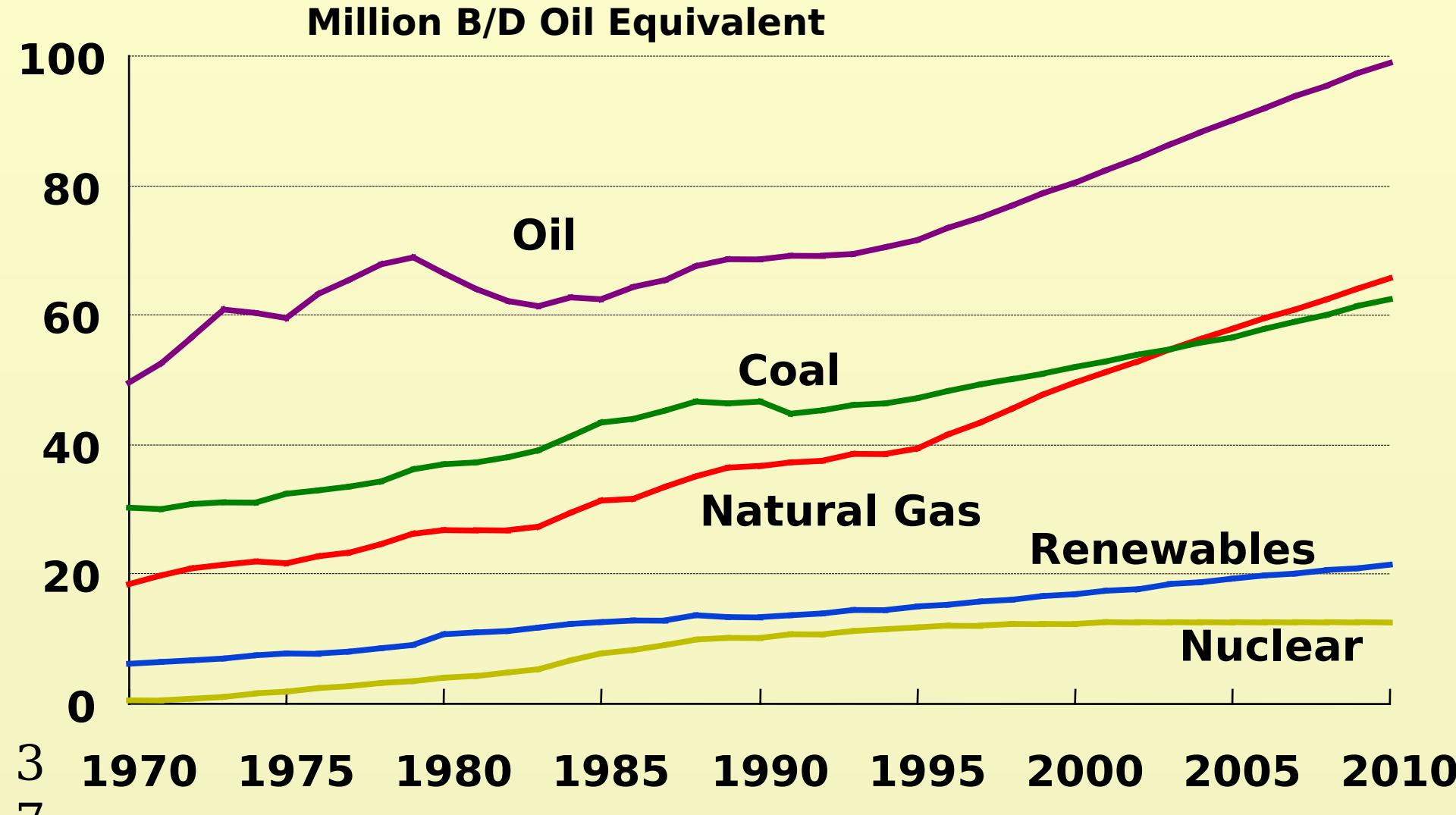
DESC-M



World Energy Consumption



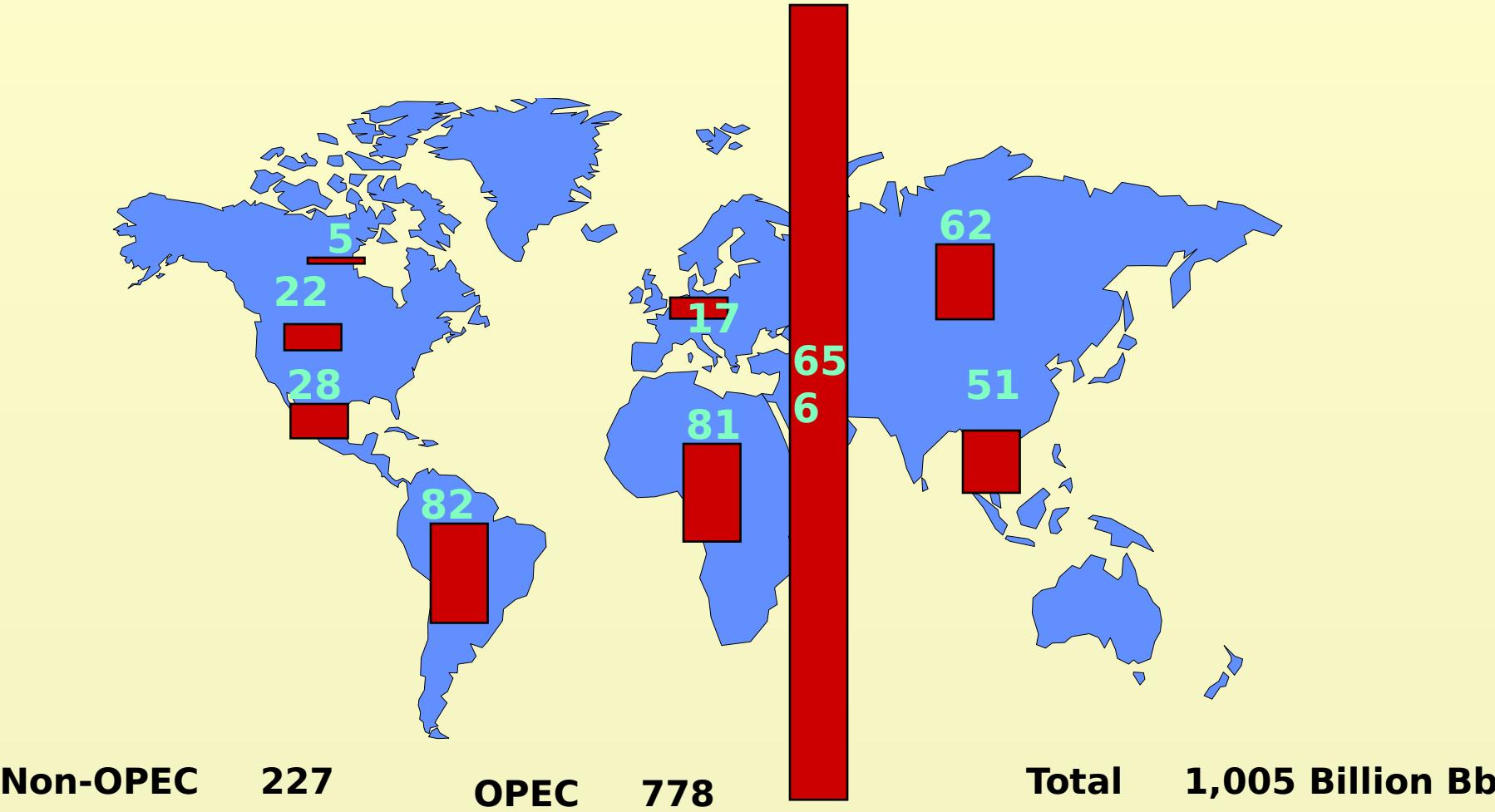
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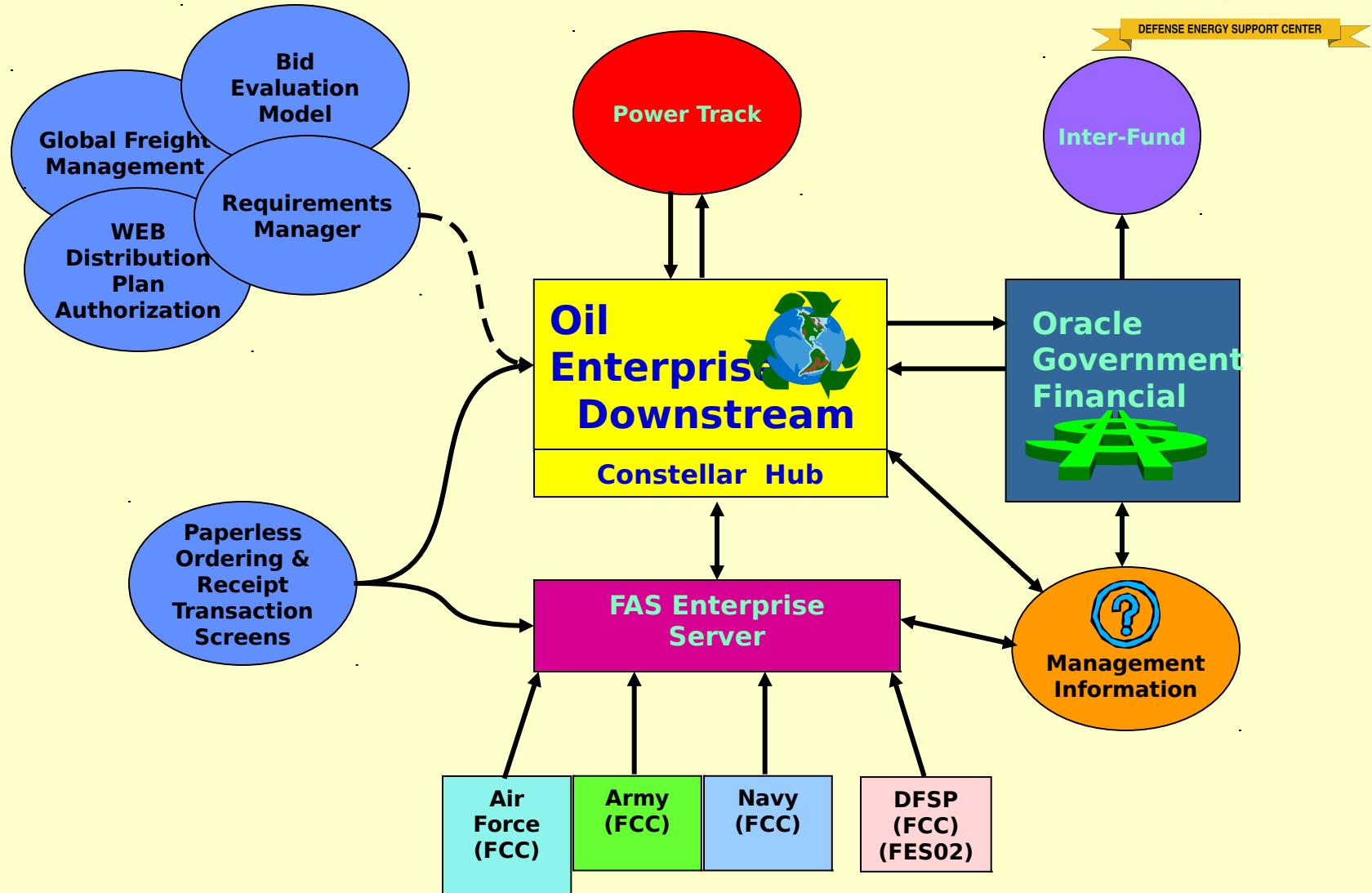
Proved World Oil Reserves About 1,000 Billion Barrels

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Fuels Automated System





***DESC must continue to insure that our
ultimate customer,
the US Military Soldier, Sailor, Airman &
Marine***

.....does not run out of fuel!





Thanks for
attending the
DESC Overview
course
Butt this is

THE END !!!!

Questions????



Rose Palmisano / The Albuquerque Journal